

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00

EB-07 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00

NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04 TAR-01

TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01 OIC-02

ARAE-00 /092 W

----- 057323

P R 161520Z JUN 75

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC PRIORITY 9814

INFO AMEMBASSY CARACAS

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

LIMITED OFFICIAL USE BRASILIA 4809

E.O.11652: N/A

TAGS: EGEN, ETRD, BR, PFOR

SUBJECT: BILATERAL TRADE CONSULTATIVE GROUP

REF: STATE 130766

1. SUMMARY: EMBASSY GREATLY PLEASED BY UNDER SECRETARY ROBINSON'S FORTHCOMING VISIT, WHICH WILL BE PARTICULARLY USEFUL AT THIS POINT IN US-BRAZILIAN RELATIONS. REACTION OF ACTING HEAD, FONMIN'S ECONOMIC DEPARTMENT, WAS VERY POSITIVE TO PROPOSED DATES OF JULY 21 - 23, AND PROSPECTIVE BROAD SCOPE OF CONSULTATIONS, ALTHOUGH SUBJECT OF CONFIRMATION WITH SENIOR MINISTERS. REACTION TO TRADE CONSULTATIVE GROUP, GIVEN ITS MANY QUALIFICATIONS, WAS MORE GUARDED, ALTHOUGH EMBASSY BELIEVES RESPONSE WILL BE IN THE AFFIRMATIVE. EMBASSY REQUESTS GUIDANCE ON DESIRED AGENDA FOR ROBINSON VISIT. END SUMMARY.

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2. IN ABSENCE OF AMBASSADOR CABRAL DO MELLO, EMBASSY HAS CONVEYED PROPOSED VISIT OF UNDER SECRETARY ROBINSON AND PROPOSED TERMS OF REFERENCE FOR TRADE CONSULTATIVE GROUP TO MINISTER SERGIO BATH, ACTING HEAD OF FOREIGN MINISTRY'S ECONOMIC DEPARTMENT. ON ROBINSON VISIT, BATH'S REACTION WAS VERY POSITIVE. HE REITERATED THAT GOB WELCOMED VISIT AND SAID JULY 21 - 23 DATES APPEARED TO BE SATISFACTORY, THOUGH HE WOULD HAVE TO CONFIRM THIS TO EMBASSY FOLLOWING CONSULTATIONS WITH SENIOR MINISTRY OFFICIALS. (WE PRESENTED THESE DATES AS FIRST CHOICE SINCE AMBASSADOR WILL BE IN WASHINGTON ON JULY 7 - 9.) BATH ASKED IF ROBINSON TALKS WOULD HAVE AN AGENDA. ECON COUNSELOR SAID, SPEAKING PERSONALLY, HE THOUGHT THERE SHOULD BE SOME SUBSTANTIVE PREPARATIONS FOR TALKS, SUCH AS SOME PRIOR EXCHANGES ON AGENDA, AND NOTED TOPICS PROVIDED IN REFTEL. BATH AGREED, NOTED TIMING IN RELATION TO PREPARATIONS FOR THE SPECIAL SESSION OF UN GENERAL ASSEMBLY. (COMMENT: EMBASSY AND FOREIGN MINISTRY HAVE JUST HELD SECOND SESSION ON FORTHCOMING 7TH SS, WHICH WILL BE REPORTED SEPTTEL.)

3. ON TRADE CONSULTATIVE GROUP, BATH WAS MORE CAUTIOUS. HE TOOK CAREFUL NOTES ON OUR PRESENTATION CONCERNING SCOPE AND LEVEL OF MEETINGS AND SAID HE WOULD TAKE UP PROPOSAL WITH CABRAL DE MELLO, FOLLOWING LATTER'S DETAILED EXPLANATION BASED ON GUIDANCE CONTAINED REFTEL AS TO SCOPE OF THIS MECHANISM AND SUBJECTS USG ENVISAGED TO TAKE UP IN CONSULTATIVE TALKS. COUNSELOR ALSO EMPHASIZED THAT US WAS ADVANCING THIS PROPOSAL IN ITS OWN MERITS AND THAT THIS CONCEPT WAS NOT INTENDED AS COUNTER-PROPOSAL TO SILVEIRA'S DESIRE FOR BROAD POLITICAL BILATERAL DISCUSSIONS.

4. COMMENT - BATH SEEMED VERY CLEARLY ATTRACTED TO BROAD-RANGING TALKS. WHILE BATH WAS NONCOMMITTAL ON TRADE CONSULTATIONS PROPOSALS, WE BELIEVE THAT EXCLUSION OF TOPICS SUCH AS COFFEE AND SPECIFIC LIMITED OFFICIAL USE

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COUNTERVAILING DUTY CASES AND USG INTENTION TO TAKE UP BRAZILIAN TRADE PRACTICES, SUCH AS IMPORT RESTRAINTS, ARE LIKELY TO REDUCE ATTRACTIVENESS OF MECHANISM TO GOB. HOWEVER, IT IS LIKELY THAT THEY WILL AGREE TO CONSULTATIVE TALKS AS SEPARATE BUT RELATED TO ROBINSON VISIT. EMBASSY BELIEVES THAT CONSULTATIVE TALKS WOULD BE HIGHLY USEFUL FOR MAINTAINING OPEN DIALOGUE WITH

BRAZIL ON TRADE ISSUES. AS WAS EXPERIENCED IN PAST EBERLE AND MALMGREN VISITS, DIRECT EXPOSURE TO THE DEPARTMENT AND OTHER AGENCIES' SENIOR OFFICIALS HAS BEEN VALUABLE. PARTICIPANTS IN CONSULTATIVE TALKS CAN EXPECT GREAT INTEREST ON PART OF GOB IN USG VIEWS ON WORK OF MTN SUBGROUP ON EXPORT SUBSIDIES AND COUNTERVAILING DUTIES AND ON NOMINATIONS FOR CHAIRMAN OF THAT GROUP, IF STILL OPEN AT TIME OF TALKS. GOB CAN BE EXPECTED TO PRESS US FOR SPECIFICS ON HOW WE INTEND TO IMPLEMENT SPECIAL AND DIFFERENTIATED TREATMENT FOR LDCS IN VARIOUS MTN GROUPS. FOR DISCUSSIONS ON GSP, IT WOULD BE USEFUL TO GIVE GOB A PRESENTATION ON LIKELY IMPACT OF COMPETITIVE NEED FORMULA ON BRAZILIAN PRODUCTS.

5. AMBASSADOR WILL BE FOLLOWING UP THESE CONVERSATIONS WITH SILVEIRA.

6. ACTION REQUESTED: TO MAINTAIN GO FOCUS ON BOTH ROBINSON AND TRADE CONSULTATIVE TALKS, EMBASSY WOULD APPRECIATE DEPARTMENT'S GUIDANCE ON SPECIFIC ISSUES UNDER SECRETARY AND OTHER MEMBERS OF HIS PARTY WOULD WISH TO TAKE UP WITH GOB.  
CRIMMINS

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## Message Attributes

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